

As it did in the First Report and Order, the Commission suggests that the TIC may be the result of differences in the separations treatment of switched and special access costs.³⁹ The Commission asks whether it should wait until the completion of the Joint Board review of separations procedures to determine which, if any, of the costs in the TIC reflect the higher cost of providing transport services in less densely populated areas. Given that the Commission did not even raise separations-related causes of the TIC as an issue in the Separations NPRM,⁴⁰ released after the First Report and Order, and no party filing comments in that proceeding mentioned the TIC, the Commission cannot escape its obligation under CompTel by making vague references to possible separations-related causes of the TIC.

E. Marketing Costs

MCI supports the Commission's proposal to transfer the recovery of marketing costs to end users. As the Commission concluded in the First Report and Order, "marketing costs that are not related to the sale or advertising of interstate switched access services are not appropriately recovered from IXC's through per-minute interstate switched access charges."⁴¹ Further, "[p]er-minute recovery of retail marketing costs . . .

³⁹Notice at ¶72.

⁴⁰Jurisdictional Separations Reform and Referral to the Federal-State Joint Board, Notice of Proposed Rulemaking, CC Docket No. 80-286, released October 7, 1997 (Separations NPRM).

⁴¹First Report and Order at ¶319.

distorts prices in the long distance and local markets in the same way as does per-minute recovery of NTS costs.”⁴²

F. Special Access PICC

The Commission should not apply a PICC to rate-of-return carriers’ special access services, just as it should not apply a PICC to price cap carriers’ special access services. All parties who filed comments on the Access Reform FNPRM, including the ILECs, agreed that purchasers of special access services should not be required to pay any portion of common line costs. Assessment of a PICC on special access services would create an impermissible cross-subsidy and would be inconsistent with the Commission’s goal of a cost-causative rate structure. Furthermore, the special access PICC would increase the cost of providing access to the Internet and other advanced services in rural areas.

The Commission suggests that a special access PICC may be necessary because the multiline business PICC will create incentives for access customers to migrate to special access services.⁴³ There is, however, no evidence that this migration will occur. First, the introduction of the multiline business PICC will be accompanied by a substantial decrease in per-minute access charges, decreasing the incentive for access customers to migrate to special access. Second, access customers contemplating a

⁴²First Report and Order at ¶320.

⁴³Notice at ¶87.

migration to special access must take into account nonrecurring charges, the capabilities of customer premises equipment, and other provisioning issues.

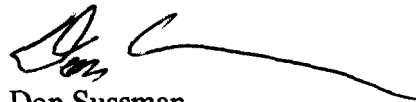
Instead of trying to combat the perceived "problem" of special access migration through a new cross-subsidy, the Commission should focus on driving all access rates -- both switched and special -- to forward-looking economic cost. To the extent that the Commission permits the ILECs to continue assessing inflated switched access charges, the Commission should ensure that the multiline business PICC's cross-subsidy of residential users is of limited duration. As discussed above, this can be accomplished by setting the cap on rate-of-return carriers' residential and single line business PICC at a level sufficient to ensure that the cross-subsidy between multiline business and residential users does not become even more pronounced than the cross-subsidy inherent in the PICC caps adopted for price cap carriers.

IV. Conclusion

Wherefore, MCI urges the Commission to re-visit and significantly modify its access reform policies for price cap ILECs and to complete its reform of universal service before it embarks on reforming the access rate structure of rate-of-return carriers.

Should the Commission decide to proceed with rate-of-return carrier access reform, the Commission should limit the immediate rate structure changes for rate-of-return carriers to (1) increasing the SLC ceiling; and (2) replacing the per-minute CCL with the per-line PICC.

Respectfully submitted,
MCI TELECOMMUNICATIONS
CORPORATION

A handwritten signature in black ink, appearing to read 'Don Sussman', with a long horizontal flourish extending to the right.

Don Sussman
Alan Buzacott
1801 Pennsylvania Ave., NW
Washington, DC 20006
(202) 887-2779

August 17, 1998

ATTACHMENT A - PRICE CAP LEC MULTILINE BUSINESS END USER CHARGES

Ameritech		GTOC		Sprint	
Illinois	5.34	Alabama	9.00	Florida	7.63
Indiana	6.24	Alaska	7.43	Illinois	7.20
Michigan	5.57	Arkansas	9.00	Indiana	7.85
Ohio	5.90	California	7.30	Kansas	9.00
Wisconsin	5.57	California - WC	9.00	Minnesota	8.21
		Florida	8.82	Missouri	9.00
Bell Atlantic - South		Hawaii	7.62	Nebraska	9.00
District of Columbia	3.91	Idaho	9.00	Nevada	5.27
Delaware	6.50	Illinois	8.28	New Jersey	7.16
Maryland	6.38	Illinois (GTE South)	8.28	North Carolina	7.68
New Jersey	5.98	Indiana	8.51	Ohio	7.70
Pennsylvania	6.12	Iowa	9.00	Oregon	9.00
Virginia	6.55	Kentucky	9.00	Pennsylvania	7.74
West Virginia	8.19	Michigan	8.93	South Carolina	9.00
		Minnesota	5.27	Tennessee	6.74
Bell Atlantic - North		Missouri	9.00	Texas	8.78
All States	8.25	Nebraska	7.36	Virginia	8.40
		New Mexico	7.84	Washington	8.88
BellSouth		North Carolina	8.47	Wyoming	9.00
All States	8.14	Ohio	7.87		
		Oklahoma	7.93	Alliant	7.19
Pacific Bell		Oregon	8.96		
	5.25	Pennsylvania	7.12	Frontier	
Nevada Bell		South Carolina	9.00	Rochester	5.10
	7.28	Texas	8.46	All Other	8.91
SWBT		Virginia	9.00		
All States	7.24	Washington	9.00	Citizens	9.00
		Wisconsin	9.00		
U S West				SNET	8.05
Arizona	8.53	GSTC			
Colorado	9.00	Alabama	9.00	Cincinnati Bell	5.94
Idaho (Boise LATA)	8.60	Arizona	7.29		
Montana	9.00	Arkansas	9.00		
New Mexico	9.00	California	8.79		
Utah	8.53	Illinois	7.96		
Wyoming	9.00	Indiana	7.87		
Iowa	7.58	Iowa	8.62		
Minnesota	6.75	Kentucky	9.00		
Nebraska	7.88	Minnesota	8.43		
North Dakota	8.54	Missouri	9.00		
South Dakota	7.94	Nevada	6.65		
Idaho (Spokane LATA)	9.00	New Mexico	9.00		
Oregon	9.00	North Carolina	9.00		
Washington	7.93	Pennsylvania	6.84		
		South Carolina	9.00		
		Texas	9.00		
		Virginia	8.93		
		Washington	9.00		

ATTACHMENT B - PRICE CAP LEC ANALOG MUX & TANDEM PORT COSTS

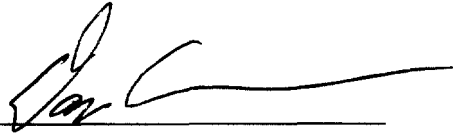
	6/30/97 TIC	Analog Mux		Tandem Port	
		Costs	% of TIC	Cost	% of TIC
Ameritech	334,281,146	1,031,876	0.31%	14,124,423	4.23%
Bell Atlantic	399,813,398	3,129,386	0.78%	18,828,160	4.71%
BellSouth	300,108,192	1,748,955	0.58%	2,037,258	0.68%
NYNEX	647,052,583	1,229,478	0.19%	16,113,843	2.49%
Pacific	135,623,623	446,158	0.33%	824,508	0.61%
Nevada	55,551,832	0	0.00%	385,708	0.69%
SWBT	249,939,133	3,115,249	1.25%	3,237,186	1.30%
U S West	506,396,252	14,468,000	2.86%	13,078,400	2.58%
TOTAL	2,628,766,159	25,169,102	0.96%	68,629,486	2.61%

Source

**Mux & Tandem Costs: Access Reform Filings, SUPP EXG-2 Forms
6/30/97 TIC: 1997 Annual Access Filings, SUM-1, Row 171, Col. B**

STATEMENT OF VERIFICATION

I have read the foregoing, and to the best of my knowledge, information, and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on August 17, 1998.

A handwritten signature in black ink, appearing to read 'Don Sussman', written over a horizontal line.

Don Sussman
Regulatory Analyst
1801 Pennsylvania Ave. NW
Washington, D.C. 20006
(202) 887-2779

CERTIFICATE OF SERVICE

I, Sylvia Chukwuocha, do hereby certify that copies of the foregoing Petition for Partial Reconsideration were sent via first class mail, postage paid, to the following on this 17th day of August, 1998.

Chairman William E. Kennard*
Federal Communications Commission
1919 M Street, N.W.
Room 814
Washington, D.C. 20554

Commissioner Susan Ness*
Federal Communications Commission
1919 M Street, N.W.
Room 832
Washington, D.C. 20554

Commissioner Harold Furchtgott-Roth*
Federal Communications Commission
1919 M Street, N.W.
Room 802
Washington, D.C. 20554

Commissioner Michael Powell*
Federal Communications Commission
1919 M Street, N.W.
Room 844
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Commissioner Gloria Tristani*
Federal Communications Commission
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Kathryn C. Brown*
Chief, Common Carrier Bureau
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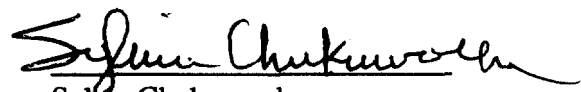
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International Transcription Services *
1231 20th Street, N.W.,
Washington, DC 20036

*HAND DELIVERED


Sylvia Chukwuocha

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